

SAC COUNTY

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2008

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SAC COUNTY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jack Bensley	Board of Supervisors	Jan. 2009
Rick Hecht	Board of Supervisors	Jan. 2011
Dean Stock	Board of Supervisors	Jan. 2011
James W. Dowling	County Auditor	Jan. 2009
Vicki Peyton	County Treasurer	Jan. 2011
Nancy Auen	County Recorder (appointed February 2007)	Nov. 2008
Ken McClure	County Sheriff	Jan. 2009
Earl Hardisty	County Attorney	Jan. 2011
Robert Hawks	County Assessor	Jan. 2010

HUNZELMAN, PUTZIER & CO., PLC  
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.  
KEITH C. GERMANN, C.P.A.  
RICHARD R. MOORE, C.P.A.  
WESLEY E. STILLE, C.P.A. (RETIRED)  
KENNETH A. PUTZIER, C.P.A. (RETIRED)  
W.J. HUNZELMAN, C.P.A. 1921-1997

1100 WEST MILWAUKEE  
STORM LAKE, IOWA 50588  
712-732-3653  
FAX 712-732-3662  
info@hpcocpa.com

INDEPENDENT AUDITOR'S REPORT

To the Officials of Sac County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Sac County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Sac County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 13 to the financial statements, management has not recorded capital assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets be recorded and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of Sac County at June 30, 2008, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the County as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2009, on our consideration of Sac County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The County has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Budgetary comparison information on pages 29 through 31 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sac County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for each of the years in the two year period ending June 30, 2003 (none of which are presented herein), and expressed qualified opinions on those financial statements because the general fixed asset account group was omitted. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for each of the years in the four year period ending June 30, 2007 (none of which are presented herein), and expressed adverse opinions on those financial statements because capital assets and depreciation expense on those assets was omitted. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

February 3, 2009

*Hungelman, Putzier & Co.*

SAC COUNTY  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

Exhibit A

Governmental  
Activities

ASSETS

Cash and pooled investments	\$ 4,529,511
Receivables:	
Property tax:	
Delinquent	5,462
Succeeding year	3,893,541
Interest and penalty on property tax	23,081
Accounts	502,565
Accrued interest	30,916
Drainage assessments	634
Due from other governments	155,523
Inventories	814,242
Prepaid	29,928
Total assets	<u>9,985,403</u>

LIABILITIES

Accounts payable	535,344
Accrued interest payable	45,982
Salaries and benefits payable	42,937
Deferred revenue:	
Succeeding year property tax	3,893,541
Long-term liabilities:	
Portion due or payable within one year:	
Note payable	38,000
Compensated absences	261,626
Portion due or payable after one year:	
Note payable	289,000
Drainage warrants/drainage improvement certificates payable	401,668
Total liabilities	<u>5,508,098</u>

NET ASSETS

Restricted for:	
Supplemental levy purposes	171,393
Mental health purposes	182,005
Secondary roads purposes	2,263,417
Debt service	37,601
Capital projects	14,237
Other purposes	370,752
Unrestricted	1,437,900
Total net assets	<u>\$ 4,477,305</u>

See notes to financial statements.

SAC COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

Exhibit B

Functions/Programs	<u>Expenses</u>	<u>Charges for Service</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>	
Governmental activities:					
Public safety and legal services	\$1,565,023	\$ 484,011	\$ 71,863	\$ -	\$ (1,009,149)
Physical health and social services	556,192	193,614	212,962	-	(149,616)
Mental health	1,442,306	8,111	894,836	-	(539,359)
County environment and education	728,793	33,315	16,183	-	(679,295)
Roads and transportation	3,337,123	205,540	2,351,526	44,502	(735,555)
Governmental services to residents	301,526	193,581	-	-	(107,945)
Administration	1,149,456	77,491	-	-	(1,071,965)
Non-program	366,163	-	-	568,179	202,016
Interest on long-term debt	14,868	-	-	-	(14,868)
Total	<u>\$9,461,450</u>	<u>\$ 1,195,663</u>	<u>\$ 3,547,370</u>	<u>\$ 612,681</u>	<u>(4,105,736)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					3,848,796
Debt service					51,831
Penalty and interest on property tax					30,994
State tax credits					240,649
Local option sales tax					300,842
Grants and contributions not restricted to specific purposes					6,810
Unrestricted investment earnings					160,640
Miscellaneous					117,836
Total general revenues					<u>4,758,398</u>
Change in net assets					652,662
Net assets beginning of year					<u>3,824,643</u>
Net assets end of year					<u>\$ 4,477,305</u>

See notes to financial statements.

SAC COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

Exhibit C

	Special Revenue					
	General	Mental Health	Rural Services	Secondary Roads	Nonmajor	Total
<u>ASSETS</u>						
Cash and pooled investments	\$ 2,102,535	\$ 266,270	\$ 43,625	\$ 1,556,351	\$ 377,283	\$ 4,346,064
Receivables:						
Property tax:						
Delinquent	4,279	1,060	23	-	100	5,462
Succeeding year	2,023,525	547,192	1,268,129	-	54,695	3,893,541
Interest and penalty on property tax	23,081	-	-	-	-	23,081
Accounts	172,167	102,649	-	227,749	-	502,565
Accrued interest	30,580	-	-	-	336	30,916
Drainage assessments	-	-	-	-	634	634
Due from other governments	154,805	-	-	-	718	155,523
Inventories	-	-	-	814,242	-	814,242
Prepaid	29,928	-	-	-	-	29,928
Total assets	<u>\$ 4,540,900</u>	<u>\$ 917,171</u>	<u>\$ 1,311,777</u>	<u>\$ 2,598,342</u>	<u>\$ 433,766</u>	<u>\$ 9,801,956</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 27,391	\$ 176,091	\$ -	\$ 218,784	\$ 90,575	\$ 512,841
Interest payable	-	-	-	-	44,917	44,917
Salaries and benefits payable	34,096	-	3,637	5,204	-	42,937
Deferred revenue:						
Succeeding year property tax	2,023,525	547,192	1,268,129	-	54,695	3,893,541
Other	27,360	1,060	23	-	734	29,177
Total liabilities	<u>2,112,372</u>	<u>724,343</u>	<u>1,271,789</u>	<u>223,988</u>	<u>190,921</u>	<u>4,523,413</u>
Fund balances:						
Reserved for:						
Supplemental levy purposes	171,393	-	-	-	-	171,393
Inventories	-	-	-	814,242	-	814,242
Future expenditures	-	-	-	-	79,416	79,416
Capital projects	-	-	-	-	14,237	14,237
Debt service	-	-	-	-	292	292
Unreserved, reported in:						
General fund	2,257,135	-	-	-	-	2,257,135
Special revenue funds	-	192,828	39,988	1,560,112	148,900	1,941,828
Total fund balances	<u>2,428,528</u>	<u>192,828</u>	<u>39,988</u>	<u>2,374,354</u>	<u>242,845</u>	<u>5,278,543</u>
Total liabilities and fund balances	<u>\$ 4,540,900</u>	<u>\$ 917,171</u>	<u>\$ 1,311,777</u>	<u>\$ 2,598,342</u>	<u>\$ 433,766</u>	<u>\$ 9,801,956</u>

See notes to financial statements.



SAC COUNTY  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2008

Exhibit D

Total governmental fund balances	\$5,278,543
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	29,177
Long-term liabilities, including notes payable, accrued interest payable, compensated absences payable, and drainage warrants payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(991,359)
The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	<u>160,944</u>
Net assets of governmental activities	<u>\$4,477,305</u>

See notes to financial statements.

SAC COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

Exhibit E

	Special Revenue					
	General	Mental Health	Rural Services	Secondary Roads	Nonmajor	Total
Revenues:						
Property and other County tax	\$ 2,502,164	\$ 545,595	\$ 1,101,231	\$ -	\$ 51,831	\$ 4,200,821
Interest and penalty on property tax	27,535	-	-	-	-	27,535
Intergovernmental	527,114	930,458	63,976	2,396,028	19,427	3,937,003
Licenses and permits	5,910	-	-	20,905	-	26,815
Charges for service	772,580	174	4,050	133,787	19,486	930,077
Use of money and property	166,487	-	-	-	1,869	168,356
Miscellaneous	6,079	-	-	16,286	568,179	590,544
Total revenues	<u>4,007,869</u>	<u>1,476,227</u>	<u>1,169,257</u>	<u>2,567,006</u>	<u>660,792</u>	<u>9,881,151</u>
Expenditures:						
Operating:						
Public safety and legal services	1,555,236	-	-	-	13,396	1,568,632
Physical health and social services	540,456	-	-	-	-	540,456
Mental health	-	1,450,466	-	-	-	1,450,466
County environment and education	363,133	-	366,895	-	-	730,028
Roads and transportation	-	-	-	3,169,621	-	3,169,621
Governmental services to residents	297,892	-	-	-	5,361	303,253
Administration	1,054,164	-	-	-	-	1,054,164
Non-program	-	-	-	-	366,163	366,163
Debt Service	-	-	-	-	51,989	51,989
Capital projects	-	-	-	166,339	-	166,339
Total expenditures	<u>3,810,881</u>	<u>1,450,466</u>	<u>366,895</u>	<u>3,335,960</u>	<u>436,909</u>	<u>9,401,111</u>
Excess (deficiency) of revenues over expenditures	<u>196,988</u>	<u>25,761</u>	<u>802,362</u>	<u>(768,954)</u>	<u>223,883</u>	<u>480,040</u>
Other financing sources (uses):						
Operating transfers in (out)	(77,190)	-	(802,349)	879,539	-	-
Drainage district warrants	-	-	-	-	(272,425)	(272,425)
Sale of assets	15,886	-	-	106,000	-	121,886
Total other financing sources (uses)	<u>(61,304)</u>	<u>-</u>	<u>(802,349)</u>	<u>985,539</u>	<u>(272,425)</u>	<u>(150,539)</u>
Net change in fund balances	135,684	25,761	13	216,585	(48,542)	329,501
Fund balances, beginning of year	<u>2,292,844</u>	<u>167,067</u>	<u>39,975</u>	<u>2,157,769</u>	<u>291,387</u>	<u>4,949,042</u>
Fund balances, end of year	<u>\$ 2,428,528</u>	<u>\$ 192,828</u>	<u>\$ 39,988</u>	<u>\$ 2,374,354</u>	<u>\$ 242,845</u>	<u>\$ 5,278,543</u>

See notes to financial statements.

SAC COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

Exhibit F

Net change in fund balances - Total governmental funds \$329,501

Amounts reported for governmental activities in the Statement of  
 Activities are different because:

Some revenues will not be collected for several months after the  
 County's year end. They are not considered available revenues  
 and are deferred in the governmental funds as follows:

Property tax	\$ 648	
Other	<u>3,355</u>	4,003

Proceeds from issuing long-term liabilities provide current financial resources to  
 governmental funds, but issuing debt increases long-term liabilities in the  
 Statement of Net Assets. Repayment of long-term liabilities is an expenditure  
 in the governmental funds, but the repayment reduces long-term liabilities in the  
 Statement of Net Assets.

Current year issues exceeded repayments as follows:

Issued drainage district warrants	(259,705)	
Redeemed drainage district warrants	532,130	
Payments on long term debt	<u>37,000</u>	309,425

Some expenses reported in the Statement of Activities do not require the  
 use of current financial resources and, therefore, are not reported as  
 expenditures in governmental funds, as follows:

Compensated absences	(26,243)	
Interest on long-term debt	<u>121</u>	(26,122)

The Internal Service Fund is used by management to charge the costs of  
 employee health benefits to individual funds. The change in net assets of  
 the Internal Service Fund is reported with governmental activities

35,855

Change in net assets of governmental activities

\$652,662

SAC COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2008

Exhibit G

Internal  
Service-  
Employee  
Group  
Health

Assets:

Cash and cash equivalents

\$183,447

Liabilities:

Accounts payable

22,503

Net assets:

Unrestricted

\$160,944

See notes to financial statements.

SAC COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2008

Exhibit H

Internal  
Service-  
Employee  
Group  
Health

Operating revenues		
Reimbursements from employees	\$ 23,090	
Reimbursements from operating funds	<u>105,371</u>	<u>\$128,461</u>
Operating expenses:		
Insurance premiums	80,498	
Administrative fees	<u>16,098</u>	<u>96,596</u>
Operating income		31,865
Non-operating revenues:		
Interest income		<u>3,990</u>
Net income		35,855
Net assets beginning of year		<u>125,089</u>
Net assets end of year		<u>\$160,944</u>

See notes to financial statements.

SAC COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2008

Exhibit I

Internal  
Service-  
Employee  
Group  
Health

Cash flows from operating activities:	
Cash received from employees	\$ 23,090
Cash received from operating fund reimbursements	105,371
Cash payments to suppliers for services	<u>(99,761)</u>
Net cash provided by operating activities	28,700
 Cash flows from investing activities:	
Interest on investments	<u>3,990</u>
 Net increase in cash and cash equivalents	32,690
 Cash and cash equivalents, beginning of year	<u>150,757</u>
 Cash and cash equivalents, end of year	<u>\$183,447</u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 31,865
Adjustments to reconcile operating income to net cash provide by operating activities:	
Decrease in accounts payable	<u>(3,165)</u>
 Net cash provided by operating activities	<u>\$ 28,700</u>

See notes to financial statements.

SAC COUNTY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2008

Exhibit J

ASSETS

Cash and pooled investments:

County treasurer	\$ 590,771
Other county officials	40,052

Receivables:

Property tax:

Delinquent	24,266
Succeeding year	9,118,549

Accounts	23,313
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Due from other governments	-
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Total assets	<u>9,796,951</u>
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LIABILITIES

Accounts payable	34,575
------------------	--------

Due to other governments	<u>9,762,376</u>
--------------------------	------------------

Total liabilities	<u>9,796,951</u>
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Net Assets	<u>\$ -</u>
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See notes to financial statements.

SAC COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sac County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Sac County has included all funds, organizations, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Sac County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two hundred seven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed, and supervised by the Sac County Board of Supervisors. The drainage districts are reported as a special revenue fund. Financial information of the individual drainage districts can be obtained from the Sac County Auditor's office.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Sac County Assessor's Conference Board, Sac County Emergency Management Commission, Sac County Solid Waste Agency, and Sac County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship, if any, with the organization and, as such, are reported in the Agency Funds of the County.



SAC COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues, and other non-exchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in two categories.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the main operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

SAC COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation - (Continued)

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units, and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments), and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

SAC COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments, and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2006, assessed property valuations; is for the tax accrual period July 1, 2007, through June 30, 2008; and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

SAC COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable - Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represent assessments which are payable but not yet due.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Prepaid - The prepaid represents computer maintenance for next fiscal year.

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of succeeding year property tax receivable, as well as delinquent property tax receivable not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, and unspent grant proceeds.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, and Secondary Roads Funds.

SAC COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Long-term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation, or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets - The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the Governmental Services to Residents and Debt Service functions and disbursements in certain departments exceeded the amounts appropriated.

2. CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2008, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$39,160 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

SAC COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

3. INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2008, is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 77,190
	Special Revenue: Rural Services	<u>802,349</u>
Total		<u>\$879,539</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

4. DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. The tax collections are remitted to those governments in the month following collection.

A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Trust and Agency:		
County Assessor	Collections	\$ 355,078
Schools		6,133,957
Community Colleges		508,186
Corporations		1,971,704
Townships		199,432
Auto License and Use Tax		234,488
Agricultural Extension		148,165
All other		<u>211,366</u>
Total		<u>\$9,762,376</u>

SAC COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

5. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2008, is as follows:

	<u>Note Payable</u>	<u>Compensated Absences</u>	<u>Drainage Warrants</u>	<u>Total</u>
Balance, beginning of year	\$ 364,000	\$235,383	\$674,093	\$1,273,476
Increases	-	26,243	259,704	285,947
Decreases	<u>(37,000)</u>	<u>-</u>	<u>(532,129)</u>	<u>(569,129)</u>
Balance, end of year	<u>\$ 327,000</u>	<u>\$261,626</u>	<u>\$401,668</u>	<u>\$ 990,294</u>
Due within one year	<u>\$ 38,000</u>	<u>\$261,626</u>	<u>\$ -</u>	<u>\$ 299,626</u>

Note Payable

A summary of the County's June 30, 2008, notes payable is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4.10%	\$ 38,000	\$13,407	\$ 51,407
2010	4.10%	39,000	11,849	50,849
2011	4.10%	40,000	10,250	50,250
2012	4.10%	40,000	8,633	48,633
2013	4.10%	41,000	6,970	47,970
2014-2016	4.10%	<u>129,000</u>	<u>10,665</u>	<u>139,665</u>
		<u>\$327,000</u>	<u>\$61,774</u>	<u>\$388,774</u>

Drainage Warrants/Drainage Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment plus interest from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

SAC COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

6. PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of annual covered payroll. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006, were \$196,749, \$176,251, and \$166,566, respectively, equal to the required contributions for each year.

7. RISK MANAGEMENT

Sac County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2008, were \$141,768.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.



SAC COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

7. RISK MANAGEMENT - (Continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. The County assumes responsibility for worker's compensation claims in excess of \$1,000,000 and employee blanket bond claims in excess of \$20,000 for all employees except for the Treasurer who is insured in the amount of \$50,000. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

8. EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Group Services, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual out of pocket maximum of \$2,000 for single coverage and \$4,000 for family coverage. Claims in excess of the out of pocket maximums are insured through the purchase of insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Group Services, Inc. from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2008, was \$105,372.

Amounts payable from the Employee Group Health Fund at June 30, 2008, total \$22,503, which is for incurred but not recorded (IBNR) and reported but not paid claims. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. At June 30, 2008, the County has accumulated funds in excess of actual claims paid of \$160,944, which is reported as net assets of the Internal Service, Employee Group Health Fund.

SAC COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

9. COMMITMENTS

The County entered into the following contracts prior to June 30, 2008, which have not yet been completed.

<u>Project</u>	<u>Total Contract Amount</u>	<u>Cost Incurred as of 6-30-08</u>	<u>Remaining Commitment as of 6-30-08</u>
Repairs in drainage district #81	\$219,933	\$ 78,539	\$141,394
Bridge replacement, Eureka township	263,473	-	263,473
Aerial Photo system	59,250	-	59,250
Patch D15, Raccoon River Bridge	90,192	-	90,192
	<u>\$632,848</u>	<u>\$ 78,539</u>	<u>\$554,309</u>

The balances remaining at June 30, 2008, will be paid as work on the projects progresses.

10. INTERGOVERNMENTAL AGREEMENTS

The County entered into an agreement with the Sac County Solid Waste Agency, in accordance with Chapter 28E of the Code of Iowa, to provide for the disposal of solid waste. For the year ended June 30, 2008, \$53,228 was paid for landfill fees pursuant to the agreement.

State and federal laws and regulations require the Agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The costs to the Agency for compliance with these requirements have been estimated at \$860,926 according to the Agency's latest audit report available, which was for the year ended June 30, 2007.

The Agency has demonstrated financial assurance for closure and post closure care costs by establishing a local government dedicated fund as provided in Chapter 111.6(9) of the Iowa Administrative Code.

11. JUVENILE DETENTION CENTER

The County participates in Northwest Iowa Multicounty Regional Juvenile Detention Center, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Center is to establish and maintain a juvenile detention facility and related services. The Center does not determine capital allocations of the equity interest for individual participating jurisdictions. The Center issues separate financial statements on the accrual basis, and the transactions of the Center are not included in the financial statements of the County. The Center's activity for the fiscal year ending June 30, 2007, is summarized as follows:

Net assets, beginning of year	\$424,375
Revenues	968,195
Expenses	<u>(845,665)</u>
Net assets, end of year	<u>\$546,905</u>

The financial statements of the Center are available at the Center's administrative office in Cherokee, Iowa.

SAC COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

12. INDUSTRIAL REVENUE BONDS

The County has issued a total of \$3,500,000 of industrial revenue bonds (EVAPCO, Inc. Project) under the provisions of Chapter 419 of the Code of Iowa, of which \$1,960,000 is outstanding at June 30, 2008. The bonds and related interest are payable solely by the borrower, and the bond principal and interest do not constitute liabilities of the County.

13. CAPITAL ASSETS

The County has not recorded capital assets and the related depreciation and thus, the effect of this is not reflected in the financial statements.

14. OPERATING LEASE

The County has entered into a lease agreement for a postage machine. Minimum amounts payable under this operating lease are as follows:

Year ending <u>June 30,</u>	
2009	\$ 6,900
2010	6,900
2011	6,900
2012	6,900
2013	<u>6,900</u>
Total minimum lease payments	<u>\$34,500</u>

15. ACCOUNTING RESTATEMENTS

Beginning net assets for governmental activities has been restated to reflect a correction in compensated absences. This restatement is summarized below:

Net assets, June 30, 2007, as previously reported	\$3,820,834
Restatement of compensated absences	<u>3,809</u>
Restated net assets, June 30, 2007	<u>\$3,824,643</u>

16. DEFICIT FUND BALANCES

The Special Revenue - Drainage Districts fund had a deficit balance of \$102,425 at June 30, 2008. The deficit balance was a result of payables as of June 30, 2008.

## REQUIRED SUPPLEMENTARY INFORMATION

SAC COUNTY  
BUDGETARY COMPARISON  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN BALANCES - BUDGET  
AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2008

	<u>Actual</u>	Less Funds not Required to be <u>Budgeted</u>	<u>Net</u>	<u>Budgeted Amounts</u>		<u>Final to Net Variance</u>
				<u>Original</u>	<u>Final</u>	
Receipts:						
Property and other County tax	\$ 4,179,029	\$ -	\$ 4,179,029	\$ 4,121,082	\$ 4,121,082	\$ 57,947
Interest and penalty on property tax	27,535	-	27,535	27,660	27,660	(125)
Intergovernmental	3,820,445	-	3,820,445	4,138,039	4,142,619	(322,174)
Licenses and permits	28,916	-	28,916	13,000	13,000	15,916
Charges for service	1,091,645	-	1,091,645	869,051	921,551	170,094
Use of money and property	197,420	-	197,420	154,304	154,304	43,116
Miscellaneous	590,449	568,179	22,270	19,000	19,000	3,270
Total receipts	9,935,439	568,179	9,367,260	9,342,136	9,399,216	(31,956)
Disbursements:						
Public safety and legal services	1,680,616	-	1,680,616	1,830,655	1,888,955	208,339
Physical health and social services	541,144	-	541,144	572,692	577,272	36,128
Mental health	1,765,804	-	1,765,804	1,800,337	1,800,337	34,533
County environment and education	610,871	-	610,871	739,689	742,189	131,318
Roads and transportation	3,069,679	-	3,069,679	3,491,000	3,491,000	421,321
Governmental services to residents	309,733	-	309,733	341,787	341,787	32,054
Administration	1,099,718	-	1,099,718	1,035,676	1,280,476	180,758
Debt service	51,989	-	51,989	55,000	55,000	3,011
Capital projects	482,084	315,745	166,339	613,000	613,000	446,661
Total disbursements	9,611,638	315,745	9,295,893	10,479,836	10,790,016	1,494,123
Excess (deficiency) of receipts over disbursements	323,801	252,434	71,367	(1,137,700)	(1,390,800)	1,462,167
Other financing sources (uses)	(150,539)	(272,425)	121,886	-	-	121,886
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	173,262	(19,991)	193,253	(1,137,700)	(1,390,800)	1,584,053
Balance beginning of year	4,172,802	52,435	4,120,367	2,828,374	2,828,374	1,291,993
Balance end of year	\$ 4,346,064	\$ 32,444	\$ 4,313,620	\$ 1,690,674	\$ 1,437,574	\$ 2,876,046

See accompanying independent auditor's report.

SAC COUNTY  
BUDGETARY COMPARISON SCHEDULE-BUDGET  
TO GAAP RECONCILIATION  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2008

	<u>Governmental Funds</u>		
	<u>Cash</u> <u>Basis</u>	<u>Accrual</u> <u>Adjustments</u>	<u>Modified</u> <u>Accrual</u> <u>Basis</u>
Revenues	\$ 9,935,439	\$ (54,288)	\$ 9,881,151
Expenditures	<u>9,611,638</u>	<u>(210,527)</u>	<u>9,401,111</u>
Net	323,801	156,239	480,040
Other financing sources, net	(150,539)	-	(150,539)
Beginning fund balances	<u>4,172,802</u>	<u>776,240</u>	<u>4,949,042</u>
Ending fund balances	<u>\$ 4,346,064</u>	<u>\$ 932,479</u>	<u>\$ 5,278,543</u>

See accompanying independent auditor's report.

SAC COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION - BUDGETARY REPORTING  
JUNE 30, 2008

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$310,180. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council; for the County Assessor by the County Conference Board; for the E911 System by the E911 Service Board; and for Disaster Services by the Sac County Emergency Management Commission.

## SUPPLEMENTARY INFORMATION



SAC COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008

Schedule 1

	Special Revenue												
	<u>Sheriff</u>	<u>County Recorder's Record Management</u>	<u>Drainage Districts</u>	<u>Ambulance Reserve</u>	<u>Sheriff's Reserve</u>	<u>Sheriff's K-9</u>	<u>Jail Commissary</u>	<u>Crime Prevention</u>	<u>Resource Enhancement and Protection</u>	<u>Conservation Land Acquisition</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<u>ASSETS</u>													
Cash and pooled investments	\$ 4,865	\$ 19,513	\$ 32,444	\$ 3,525	\$ 4,109	\$ 941	\$ 5,194	\$ 470	\$ 123,427	\$ 168,266	\$ 14,237	\$ 292	\$ 377,283
Receivables:													
Property tax:													
Delinquent	-	-	-	-	-	-	-	-	-	-	-	100	100
Succeeding year	-	-	-	-	-	-	-	-	-	-	-	54,695	54,695
Accrued interest	12	9	-	-	-	-	-	-	315	-	-	-	336
Drainage assessments	-	-	634	-	-	-	-	-	-	-	-	-	634
Due from other governments	-	718	-	-	-	-	-	-	-	-	-	-	718
Total assets	<u>\$ 4,877</u>	<u>\$ 20,240</u>	<u>\$ 33,078</u>	<u>\$ 3,525</u>	<u>\$ 4,109</u>	<u>\$ 941</u>	<u>\$ 5,194</u>	<u>\$ 470</u>	<u>\$ 123,742</u>	<u>\$ 168,266</u>	<u>\$ 14,237</u>	<u>\$ 55,087</u>	<u>\$ 433,766</u>
<u>LIABILITIES AND FUND BALANCES</u>													
Liabilities:													
Accounts payable	\$ -	\$ -	\$ 89,952	\$ -	\$ -	\$ -	\$ 623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,575
Interest payable	-	-	44,917	-	-	-	-	-	-	-	-	-	44,917
Deferred revenue:													
Succeeding year	-	-	-	-	-	-	-	-	-	-	-	54,695	54,695
Other	-	-	634	-	-	-	-	-	-	-	-	100	734
Total liabilities	<u>-</u>	<u>-</u>	<u>135,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,795</u>	<u>190,921</u>
Fund balances:													
Reserved for:													
Drainage warrants	-	-	(181,841)	-	-	-	-	-	-	-	-	-	(181,841)
Future expenditures	-	-	79,416	-	-	-	-	-	-	-	-	-	79,416
Capital Projects	-	-	-	-	-	-	-	-	-	-	14,237	-	14,237
Debt service	-	-	-	-	-	-	-	-	-	-	-	292	292
Unreserved	<u>4,877</u>	<u>20,240</u>	<u>-</u>	<u>3,525</u>	<u>4,109</u>	<u>941</u>	<u>4,571</u>	<u>470</u>	<u>123,742</u>	<u>168,266</u>	<u>-</u>	<u>-</u>	<u>330,741</u>
Total fund balances	<u>4,877</u>	<u>20,240</u>	<u>(102,425)</u>	<u>3,525</u>	<u>4,109</u>	<u>941</u>	<u>4,571</u>	<u>470</u>	<u>123,742</u>	<u>168,266</u>	<u>14,237</u>	<u>292</u>	<u>242,845</u>
Total liabilities and fund balances	<u>\$ 4,877</u>	<u>\$ 20,240</u>	<u>\$ 33,078</u>	<u>\$ 3,525</u>	<u>\$ 4,109</u>	<u>\$ 941</u>	<u>\$ 5,194</u>	<u>\$ 470</u>	<u>\$ 123,742</u>	<u>\$ 168,266</u>	<u>\$ 14,237</u>	<u>\$ 55,087</u>	<u>\$ 433,766</u>

See accompanying independent auditor's report.

SAC COUNTY  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

Schedule 2

	Special Revenue												
	<u>Sheriff</u>	County Recorder's Records Management	Drainage Districts	Ambulance Reserve	Sheriff's Reserve	Sheriff's K-9	Jail Commissary	Crime Prevention	Resource Enhancement and Protection	Conservation Land Acquisition	Capital Projects	Debt Service	Total
Revenues:													
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,831	\$ 51,831
Intergovernmental	-	-	-	-	-	-	-	-	16,183	-	-	3,244	19,427
Charges for services	-	2,733	-	5,125	3,326	220	7,402	-	-	680	-	-	19,486
Use of money and property	82	221	-	-	56	25	89	-	1,396	-	-	-	1,869
Miscellaneous	-	-	568,179	-	-	-	-	-	-	-	-	-	568,179
Total revenues	82	2,954	568,179	5,125	3,382	245	7,491	-	17,579	680	-	55,075	660,792
Expenditures:													
Operating:													
Public safety and legal services	4,964	-	-	1,600	510	1,092	5,209	21	-	-	-	-	13,396
Governmental services to residents	-	5,361	-	-	-	-	-	-	-	-	-	-	5,361
Non-program	-	-	366,163	-	-	-	-	-	-	-	-	-	366,163
Debt service	-	-	-	-	-	-	-	-	-	-	-	51,989	51,989
Total expenditures	4,964	5,361	366,163	1,600	510	1,092	5,209	21	-	-	-	51,989	436,909
Excess (deficiency) of revenues over expenditures	(4,882)	(2,407)	202,016	3,525	2,872	(847)	2,282	(21)	17,579	680	-	3,086	223,883
Other financing uses:													
Drainage district warrants	-	-	(272,425)	-	-	-	-	-	-	-	-	-	(272,425)
Excess (deficiency) of revenues over expenditures and other financing uses	(4,882)	(2,407)	(70,409)	3,525	2,872	(847)	2,282	(21)	17,579	680	-	3,086	(48,542)
Fund balances beginning of year	9,759	22,647	(32,016)	-	1,237	1,788	2,289	491	106,163	167,586	14,237	(2,794)	291,387
Fund balances end of year	\$ 4,877	\$ 20,240	\$ (102,425)	\$ 3,525	\$ 4,109	\$ 941	\$ 4,571	\$ 470	\$ 123,742	\$ 168,266	\$ 14,237	\$ 292	\$ 242,845

See accompanying independent auditor's report.

SAC COUNTY  
COMBINING SCHEDULE OF FIDUCIARY ASSETS  
AND LIABILITIES - AGENCY FUNDS  
JUNE 30, 2008

Schedule 3

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
<u>ASSETS</u>										
Cash and pooled investments:										
County treasurer	\$ -	\$ 2,078	\$ 83,139	\$ 89,392	\$ 4,687	\$ 33,614	\$ 2,720	\$ 234,488	\$ 140,653	\$ 590,771
Other County officials	40,052	-	-	-	-	-	-	-	-	40,052
Receivables:										
Property tax:										
Delinquent	-	251	328	11,560	566	11,549	9	-	3	24,266
Succeeding year	-	145,836	272,102	6,033,005	502,933	1,926,541	196,703	-	41,429	9,118,549
Accounts	-	-	-	-	-	-	-	-	23,313	23,313
Total assets	<u>\$ 40,052</u>	<u>\$ 148,165</u>	<u>\$ 355,569</u>	<u>\$ 6,133,957</u>	<u>\$ 508,186</u>	<u>\$ 1,971,704</u>	<u>\$ 199,432</u>	<u>\$ 234,488</u>	<u>\$ 205,398</u>	<u>\$ 9,796,951</u>
<u>LIABILITIES</u>										
Accounts payable	\$ -	\$ -	\$ 491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,084	\$ 34,575
Due to other governments	40,052	148,165	355,078	6,133,957	508,186	1,971,704	199,432	234,488	171,314	9,762,376
Total liabilities	<u>\$ 40,052</u>	<u>\$ 148,165</u>	<u>\$ 355,569</u>	<u>\$ 6,133,957</u>	<u>\$ 508,186</u>	<u>\$ 1,971,704</u>	<u>\$ 199,432</u>	<u>\$ 234,488</u>	<u>\$ 205,398</u>	<u>\$ 9,796,951</u>

See accompanying independent auditor's report.

SAC COUNTY  
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS  
AND LIABILITIES - AGENCY FUNDS  
YEAR ENDED JUNE 30, 2008

Schedule 4

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
<u>ASSETS AND LIABILITIES</u>										
Balances beginning of year	\$ 34,476	\$ 131,785	\$ 251,871	\$ 5,581,903	\$ 297,401	\$ 1,949,301	\$ 177,972	\$ 248,196	\$ 201,750	\$8,874,655
Additions:										
Property and other County tax	-	145,659	272,372	6,026,446	502,522	1,928,475	196,722	-	1,699	9,073,895
E911 surcharge	-	-	-	-	-	-	-	-	101,347	101,347
State tax credits	-	8,161	10,654	347,706	18,408	145,092	10,065	-	95	540,181
Office fees and collections	237,143	-	-	-	-	-	-	-	30,767	267,910
Electronic transaction fee	-	-	-	-	-	-	-	-	2,733	2,733
Auto licenses, use tax, and postage	-	-	-	-	-	-	-	2,803,803	-	2,803,803
Assessments	-	-	-	-	-	-	-	-	3,959	3,959
Trusts	97,058	-	-	-	-	-	-	-	-	97,058
Miscellaneous	1,231,036	-	-	-	-	-	-	-	21,641	1,252,677
Total additions	1,565,237	153,820	283,026	6,374,152	520,930	2,073,567	206,787	2,803,803	162,241	14,143,563
Deductions:										
Agency remittances:										
To other funds	107,930	-	-	-	-	-	-	99,773	-	207,703
To other governments	1,354,700	137,440	179,328	5,822,098	310,145	2,051,164	185,327	2,717,738	158,593	12,916,533
Trusts paid out	97,031	-	-	-	-	-	-	-	-	97,031
Total deductions	1,559,661	137,440	179,328	5,822,098	310,145	2,051,164	185,327	2,817,511	158,593	13,221,267
Balances end of year	\$ 40,052	\$ 148,165	\$ 355,569	\$ 6,133,957	\$ 508,186	\$ 1,971,704	\$ 199,432	\$ 234,488	\$ 205,398	\$9,796,951

See accompanying independent auditor's report.

HUNZELMAN, PUTZIER & CO., PLC  
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.  
KEITH C. GERMANN, C.P.A.  
RICHARD R. MOORE, C.P.A.  
WESLEY E. STILLE, C.P.A. (RETIRED)  
KENNETH A. PUTZIER, C.P.A. (RETIRED)  
W.J. HUNZELMAN, C.P.A. 1921-1997

1100 WEST MILWAUKEE  
STORM LAKE, IOWA 50588  
712-732-3653  
FAX 712-732-3662  
info@hpcocpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Officials of Sac County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sac County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 3, 2009. The report on the governmental activities was adverse because capital assets and the related depreciation expense have not been recorded. Except as discussed in the preceding sentence, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sac County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Sac County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sac County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Sac County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Sac County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-A-08, I-B-08, and I-C-08 are material weaknesses.

#### Compliance and Other Matters

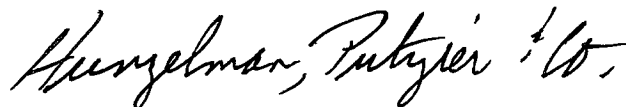
As part of obtaining reasonable assurance about whether Sac County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Sac County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Sac County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Sac County and other parties to whom Sac County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

February 3, 2009



SAC COUNTY  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2008

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

I-A-08 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

- |  | <u>Applicable Offices</u>                |
|--|--|
| 1. All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.  | Auditor, Treasurer,<br>Recorder, Sheriff |
| 2. Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.  | Treasurer, Sheriff,<br>Recorder          |
| 3. Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment. | Auditor, Treasurer,<br>Recorder, Sheriff |

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations, and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Response - The Board of Supervisors and all department heads continually strive to segregate the duties of the offices as limited staff will allow.

Conclusion - Response accepted.

SAC COUNTY  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2008

Part I: Findings Related to the Financial Statements: (Continued)

SIGNIFICANT DEFICIENCIES: (Continued)

I-B-08    Inventory of Capital Assets - An inventory of capital assets is not maintained.

Recommendation - Generally accepted accounting principles require that a statement of capital assets be disclosed in order to present fairly the financial position of the County. We recommend that this situation be reviewed and appropriate action be taken as soon as practicable to establish an inventory of capital assets owned by the County.

Response – Management and staff will review procedures to implement an inventory of capital assets.

Conclusion – Response accepted.

I-C-08    Financial Reporting - We noted that while management is capable of preparing accurate financial statements that provide information sufficient to make management decisions, reporting financial data reliably in accordance with generally accepted accounting principles (GAAP) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Recommendation - Obtaining additional knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare and take responsibility for reliable GAAP financial statements.

Response - Management and staff continue to attend seminars and read literature relative to preparing GAAP financial reporting.

Conclusion – Response accepted.

I-D-08    Treasurer's Deposits - It was noted that deposits were made only three times in July and August, 2007. Timely deposits and reconciliations ensure that discrepancies are discovered and can be corrected immediately.

Recommendation - Deposits and reconciliations should be done at least weekly and possibly more often depending on the amounts received.

Response – The Treasurer will make deposits and reconciliations in a more timely fashion.

Conclusion – Response accepted.



SAC COUNTY  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2008

Part I: Findings Related to the Financial Statements: (Continued)

SIGNIFICANT DEFICIENCIES: (Continued)

- I-E-08 Vacation and Compensatory Time - Several employees have accrued vacation hours in excess of the amount allowed. Also, the County's personnel policy states that employees may accumulate up to 100 hours of compensatory time and, as of June 30, 2008, there were several employees who have accumulated more than 100 hours of compensatory time.

Recommendation - The County should either pay the employees for their excess hours or allow them to use these hours. The County could also amend the policy to allow more hours of compensatory time to be accumulated.

Response - Each employee whose unused vacation hours exceed the policy limits has been advised that the excess hours should be taken as time off in the near future or they may be compensated for them.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-08 Certified Budget - Disbursements during the year ended June 30, 2008, did not exceed the amounts budgeted.

Disbursements in certain departments exceeded the appropriations prior to the May, 2008 budget amendment.

Recommendation - Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by decreasing or increasing the appropriation of another office or department as long as the service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response - Disbursements by department will be more closely monitored in order to adjust the appropriations prior to expenditures.

Conclusion - Response accepted.

- II-B-08 Questionable Expenditures - We noted no expenditures which may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- II-C-08 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

SAC COUNTY  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2008

Part II: Other Findings Related to Required Statutory Reporting: - (Continued)

- II-D-08 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Nancy Auen, Recorder, Brother owns Phillips Mfg.	Repairs	\$1,188

In accordance with Chapter 331.342(10) of the Code of Iowa, this transaction does not appear to represent a conflict of interest since the amount was less than \$1,500 during the fiscal year.

- II-E-08 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to insure that the coverage is adequate for current operations.

- II-F-08 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, although the published minutes did contain a list of claims, this list did not show the purpose of each claim as required by Chapter 349.18 of the Code of Iowa and several Attorney General's opinions.

Recommendation - Published minutes should contain a list of all approved claims and the purpose of each claim.

Response - Pursuant to Iowa Code 349.18, the published minutes now include the purpose of the approved claims.

Conclusion - Response accepted.

- II-G-08 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

- II-H-08 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- II-I-08 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2008, for the County Extension Office did not exceed the amount budgeted.